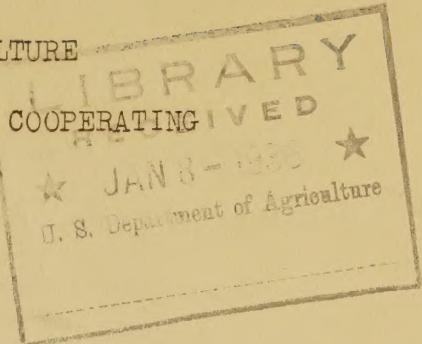


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UNITED STATES DEPARTMENT OF AGRICULTURE
EXTENSION SERVICE AND
AGRICULTURAL ADJUSTMENT ADMINISTRATION, COOPERATING
WASHINGTON, D. C.

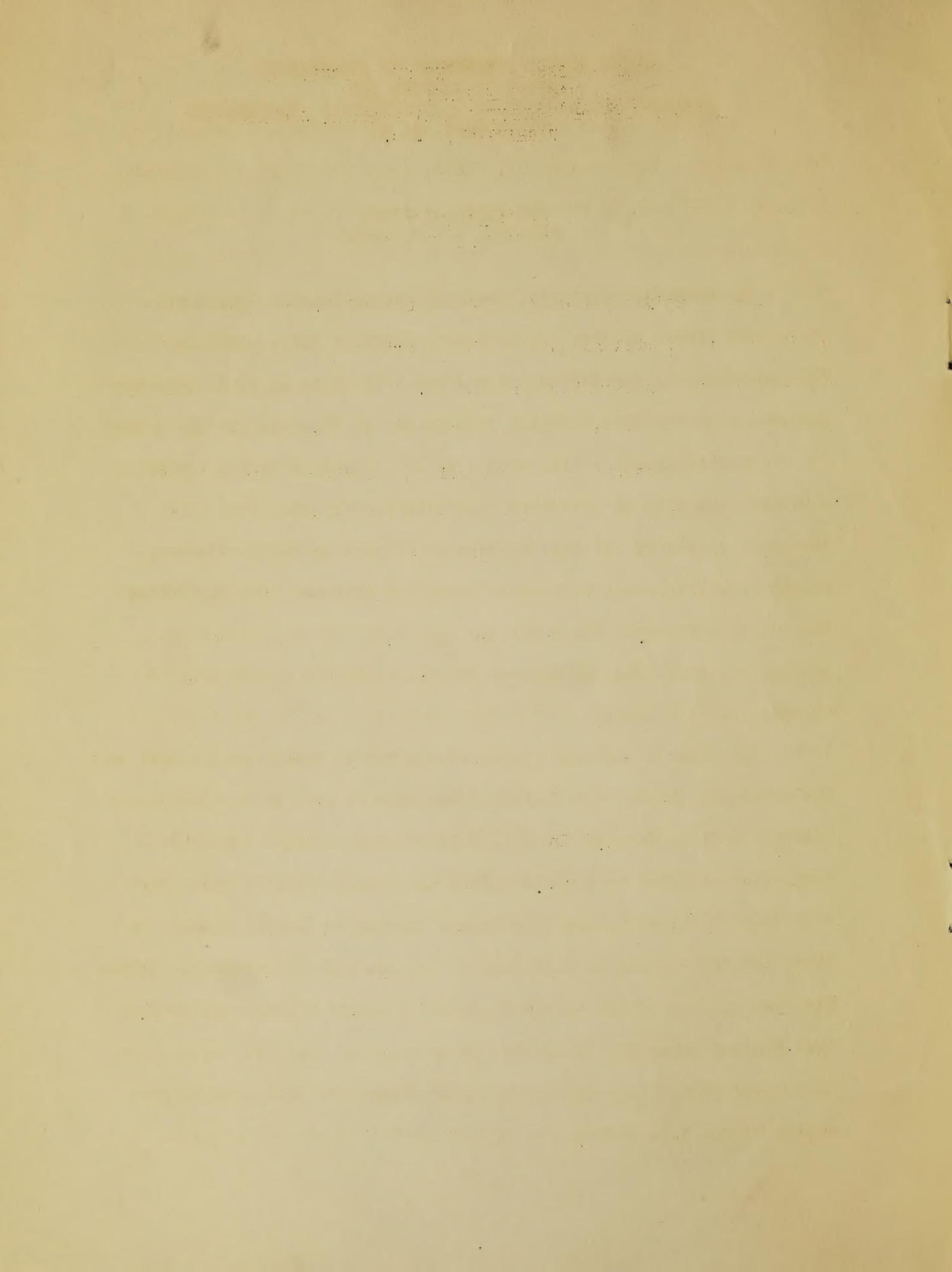


THE CANADIAN TRADE
AGREEMENT AND POTATOES

The recently negotiated trade agreement between Canada and the United States will not affect the imports of table potatoes, the Department of Agriculture points out. The duty on table potatoes imported into the United States from Canada is 75 cents per 100 pounds.

The agreement provides for a slight reduction in the tariff on a limited quantity of certified seed potatoes imported into this country. In return for this concession on seed potatoes, however, Canada agrees to admit both white and sweet potatoes from the United States free of duty. Prior to this agreement, the Canadian duty on American potatoes was the same as the United States import duty of 75 cents per 100 pounds.

One benefit that may accrue to the United States as a result of the agreement is the possibility of regaining a part of the 1929 export potato market in Canada. In 1929 this country exported 1,208,291 bushels of potatoes to Canada. After the higher tariff became effective in 1930, potato exports to Canada dropped to 304,000 bushels in 1931, 197,657 bushels in 1932, and to the low mark of 167,060 in 1933. With the removal of the tariff on potatoes exported from this country into Canada, under the agreement, it is possible that the exports from the United States into Canada will move toward the levels which prevailed in the late 1920's.



The United States duty on Canadian certified seed potatoes up to a maximum of 750,000 bushels, during the 12-month period beginning December 1, is reduced by the agreement from 75 cents a 100 pounds to 60 cents a 100 pounds for the months of December to February inclusive, and to 45 cents from March to November, inclusive.

The effect of the 750,000-bushel quota on the domestic market will be negligible so far as the country as a whole is concerned, according to Dr. Louis Bean, economic adviser to the AAA. He explained that the seed potato price level depends upon the table potato price and that it takes a million bushels of supply to move the price level a cent. It should be pointed out also that domestic supplies, and not imported, set the domestic price level, and that when domestic prices are low, imports also are down.

The 750,000-bushel quota is equal to about 9.2 percent of the average annual certified seed potato production in the United States during the past five years. Canadian exports of seed potatoes have been mostly of the Irish Cobbler variety and have come largely from the Maritime Provinces. Farmers of the Atlantic and Gulf States have been the principal purchasers of this Canadian seed stock, the major portion of imports being purchased by growers for planting in New Jersey, Long Island, Maryland, Virginia, North Carolina, and South Carolina. Canada has recently been exporting about 400,000 bushels annually of certified seed potatoes to the United States.

According to Department of Agriculture officials, the imported seed potatoes will compete mostly with seed potatoes purchased in the

New England States and New York. The effect of these imports should be felt to a much lesser extent in the Northern and Western States where the Canadian producers would be at a disadvantage due to high freight rates in addition to the tariff duty, the farm administration explained.

Imports of potatoes from Canada, free of the tax levied under the Potato Act of 1935, cannot exceed 2,682,087 bushels, including the 750,000 bushels of certified seed potatoes. The quota for tax-free sales of imported potatoes is based upon the same percentage of the 1929-1934 average imports as the sales allotment for domestic growers is of average sales in the United States for the same period. Imports of potatoes from Canada for both seed and table use averaged about 2,750,000 bushels from 1929 to 1934.

The average annual exports of potatoes from this country into Canada during the period, 1929-1934, were 472,917 bushels.

